

## Message Text

PAGE 01 LUXEMB 00859 191539Z

44

ACTION EUR-10

INFO OCT-01 SS-14 ISO-00 EURE-00 NSC-10 NSCE-00 CIAE-00

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FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC PRIORITY 3689

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS UNN

S E C R E T LUXEMBOURG 0859

LIMDIS

E.O. 11652 GDS

TAGS: PFOR, EC, LU

SUBJ: LUXEMBOURG REACTIONS TO THE EC SUMMIT MEETING

1. SUMMARY: IN CONVERSATIONS WITH THE PRIME MINISTER AND THE MFA SECRETARY GENERAL, CHARGE WAS GIVEN GOL REACTIONS TO EC SUMMIT MEETING IN COPENHAGEN. THE LUXEMBOURGERS BELIEVE THAT THE FRENCH DID NOT PLAY THE DOMINANT ROLE MANY HAD EXPECTED OF THEM IN COPENHAGEN. FRENCH VIEWS ON THE MIDDLE EAST AND ON EC ECONOMIC SOLIDARITY WERE SUCCESSFULLY RESISTED BY BRANDT AND THE SMALLER EC STATES. THE SECRETARY'S EAG PROPOSAL  
SECRET

PAGE 02 LUXEMB 00859 191539Z

WILL BE STUDIED SYMPATHETICALLY BY LUXEMBOURG AND MOST OF HER EC PARTNERS ALTHOUGH THE EC SUGGESTION TO USE THE OECD FRAMEWORK FOR THIS ACTION SEEMS TO HAVE CONSIDERABLE SUPPORT. THE ARAB FOREIGN MINISTERS WHO

ATTENDED THE MEETING DID NOT SUCCEED IN MAKING THE EC LEADERS MORE FAVORABLE TO THE ARAB CAUSE, ALTHOUGH THE EC DOES WANT TO NEGOTIATE LONG-TERM ECONOMIC AGREEMENTS WITH THE ARAB STATES. ACCORDING TO THE LUXEMBOURGERS, THE DUTCH, WHILE NOT FULLY SATISFIED WITH THE OUTCOME OF THE EC SUMMIT SHOULD NOW FEEL MUCH LESS ISOLATED WITHIN THE EC.  
END SUMMARY

IN SEPARATE CALLS ON PRIME MINISTER PIERRE WERNER AND MFA SECRETARY GENERAL PIERRE WURTH ON DECEMBER 18, CHARGE ASKED ABOUT GOL REACTION TO THE EC SUMMIT MEETING IN COPENHAGEN. A. FRENCH POSITION AT SUMMIT. WERNER COMMENTED THAT HE WAS GRATIFIED TO NOTE THAT POMPIDOU SHOWED GREATER FLEXIBILITY THAN EXPECTED, ESPECIALLY IN ACCEPTING AN ALLUSION TO EC SOLIDARITY IN THE OIL CRISIS (SEE BELOW). WHEN ASKED FOR THE REASONS BEHIND THE FRENCH ATTITUDE, WERNER REPLIED THAT POMPIDOU, WHO WANTS TO PLAY THE ROLE OF EUROPE'S LEADING STATESMAN, REALIZED THAT PARIS' PREVIOUS INTRANSIGENCE WAS VIRTUALLY ISOLATING FRANCE WITHIN THE EC. FURTHER, WERNER OBSERVED THAT FRANCE PROBABLY REALIZED THAT ECONOMIC INTERDEPENDENCE HAD ALREADY REACHED A POINT WITHIN THE EC THAT FRANCE HAD TO TAKE INTO ACCOUNT ITS PARTNERS VIEWS OR RUN A REAL RISK OF ECONOMIC DEPRESSION CAUSED, NOT FROM INSUFFICIENT OIL, BUT BY THE ECONOMIC OSTRACISM OF ITS EC PARTNERS. IN GENERAL TERMS, BOTH WERNER AND WURTH COMMENTED THAT THE FRENCH WERE PROBABLY DISAPPOINTED BY THE OUTCOME OF THE SUMMIT ALTHOUGH PARIS WOULD, OF COURSE, NEVER ADMIT THIS. THEY NOTED THAT POMPIDOU HAD HOPED TO USE THE MEETING TO CONVINCE THE EC TO ACCEPT FRANCE'S VIEWS ON FUTURE EC POLITICAL ORGANIZATION. TWO UNEXPECTED FACTORS FRUSTRATED THAT DESIGN: 1) THE OIL CRISIS WHICH LED TO THE PRESENCE OF SEVERAL ARAB FOREIGN MINISTERS IN COPENHAGEN; AND 2) THE REFUSAL OF SOME OF THE SMALLER EC POWERS TO FOLLOW THE FRENCH LEAD. WURTH SUGGESTED THAT WE READ THE FINAL EC SUMMIT COMMUNIQUE CAREFULLY TO SEE FOR OURSELVES HOW FAR THE OUTCOME OF THE EC SUMMIT DIFFERS FROM THE ORIGINAL FRENCH PLAN. HE CITED SEVERAL EXAMPLES OF POSITIONS WHICH CONTRAST WITH THE ORIGINAL FRENCH VIEWS: THE COMMITMENT TO HAVE FOREIGN  
SECRET

PAGE 03 LUXEMB 00859 191539Z

MINISTERS AND THE EC COMMISSION PARTICIPATE IN FUTURE PRESIDENTIAL MEETINGS, THE MORE COMPLETE PREPARATION OF A SUBJECT LIST FOR FUTURE MEETINGS, ETC. WERNER ADDED THAT HE WAS MOST INTERESTED TO OBSERVE HOW HEATH AND BRANDT REACTED TO POMPIDOU'S FORCEFUL DEFENSE OF FRENCH POSITIONS IN COPENHAGEN. HE FOUND HEATH "VERY WEAK" AND UNASSERTIVE, OBVIOUSLY TORN BETWEEN HIS PHILOSOPHICAL AFFINITY FOR POMPIDOU'S VIEWS AND HIS CRUMBLING ECONOMY AND SOCIAL FABRIC WHICH FORCE THE UK TO KEEP AS MANY FRIENDS AS POSSIBLE. WERNER SAID THAT BRANDT HAD AT THE BEGINNING APPEARED READY TO FOLLOW THE FRENCH, BUT AS SOME OF THE SMALLER EC POWERS RESISTED POMPIDOU'S LEAD, BRANDT EMERGED "VERY VIGOROUSLY" IN SUCCESSFULLY LEADING THE OPPOSITION TO

FRANCO-BRITISH POSITIONS ON THE MIDDLE EAST AND ON EC ECONOMIC SOLIDARITY. THE PRIME MINISTER CREDITED BRANDT WITH BRINGING ABOUT THE INCLUSION OF THE COMMITMENT TO DEAL WITH THE ENERGY CRISIS IN A "CONCERTED MANNER" WHICH WERNER BELIEVES WAS THE MOST SIGNIFICANT PHRASE IN THE FINAL EC COMMUNIQUE.

B. ENERGY ACTION GROUP (EAG). BOTH WERNER AND WURTH SAID THAT THE GOL LOOKED WITH FAVOR ON EAG ALTHOUGH WERNER ASKED THAT WE STUDY CAREFULLY THE FRENCH INSPIRED EC PROPOSAL TO DISCUSS SUCH MATTERS IN THE OECD FORUM, ESPECIALLY SINCE HE FOUND POMPIDOU "NOT NEGATIVE" ON THE SUBSTANCE OF THE EAG PROPOSAL. WURTH SAID THAT FOREIGN MINISTER THORN WOULD GIVE US HIS PERSONAL REACTION TO THE EAG PROPOSAL AFTER STUDYING IT AS SOON AS HE RETURNS TO LUXEMBOURG, AND HAS HAD A CHANCE TO DISCUSS IT IN THE CABINET. IN STRESSING THE NEED FOR CONSULTATION AMONG THE INDUSTRIALIZED COUNTRIES ON THE ENERGY PROBLEM, WERNER SAID THAT MAKESHIFT SOLUTIONS COULD NOT LAST FOREVER ALTHOUGH HE WAS PROUD TO NOTE THAT THE EC GOVERNMENTS HAD MANAGED TO MAKE SURE THAT NO IRANIAN OIL WAS NOW GOING TO FRANCE AND THE UK, SINCE BY COMMON ACCORD IT HAD BEEN DIVERTED TO THE SEVEN EC MEMBERS NOT ON THE ARABS' "FRIENDLY LIST". WURTH ADDED THAT THE EC PROPOSAL TO PURSUE STUDIES OF THE EC ENERGY SITUATION DID NOT PRECLUDE EC PARTICIPATION IN THE EAG. IN THIS CONNECTION, WURTH SAID THAT MFA DIRECTOR OF INTERNATIONAL ECONOMIC RELATIONS CHARLES REICHLING WOULD PROBABLY BE LUXEMBOURG'S REPRESENTATIVE ON ANY SPECIAL EC BODY FORMED TO STUDY THE ENERGY CRISIS. WERNER OBSERVED THAT THE GOL, WHILE UNHAPPY WITH FRENCH PRIME MINISTER MESSMER'S ACROSS-THE-BOARD SECRET

PAGE 04 LUXEMB 00859 191539Z

CRITICISM OF THE INTERNATIONAL OIL COMPANIES AS INTERMEDIARIES WITH THE OIL PRODUCING STATES, DOES BELIEVE THAT NATIONAL GOVERNMENTS, OR BETTER THE EC AS A WHOLE, MUST GRADUALLY REPLACE THE INTERNATIONAL OIL COMPANIES IN CONCLUDING LONG TERM SUPPLY AGREEMENTS WITH THE ARABS. WERNER SAID THAT HE WANTED THESE ACCORDS BASED ON ECONOMIC, NOT POLITICAL, CONSIDERATIONS SINCE HE FEARED THAT BOTH IN THE TRANSFER OF CAPITAL AND OF OIL, THE INTERNATIONAL OIL COMPANIES WOULD BE INCREASINGLY UNRELIABLE AND TEMPTED TO TRY TO CIRCUMVENT CONTROL BY NATIONAL GOVERNMENTS.

C. PRESENCE OF ARAB FOREIGN MINISTERS. WURTH SAID THAT EXCEPT FOR THE UK AND FRANCE A CONSENSUS DEVELOPED RAPIDLY AMONG THE EC LEADERS TO RESIST THE ARABS' "SALAMI TACTIS AND BLACKMAIL", AND TO DO NOTHING TO HINDER SECRETARY KISSINGER'S EFFORTS TO HAVE THE GENEVA CONFERENCE ON THE MIDDLE EAST PRODUCE A SETTLEMENT. WERNER OBSERVED THAT WHILE THE ARAB FOREIGN MINISTERS STOLE THE PRESS ATTENTION AWAY FROM THE PRESIDENT AND PRIME MINISTERS, THIS TACTIC UNDOUBTEDLY PRODUCED AN ADDED COOLNESS AMONG THE EC LEADERS. WERNER SAID THAT EVEN POMPIDOU SEEMED EMBARRASSED BY THE ARAB MINISTERS WHICH MAKES THE PRIME MINISTER TEND TO BELIEVE THAT THE ARABS WERE NOT "ENCOURAGED OR INVITED" BY THE

FRENCH TO COME TO COPENHAGEN. A FURTHER REASON FOR THE COOLNESS TO THE ARABS WAS THE CONTRAST BETWEEN THEIR FAIRLY MODERATE PUBLIC PRONOUNCEMENTS AND WHAT WERNER CHARACTERIZED AS HEAVY-HANDED PRESSURE TACTICS IN RESTRICTED MEETINGS WITH EC OFFICIALS. WERNER OBSERVED THAT THE DUTCH WERE THE MOST WORRIED BY THE PRESENCE OF THE ARAB MINISTERS. WHILE THE DUTCH NEVER ACCEPTED THE ARAB PRESENCE, OR WERE WHOLLY SATISFIED WITH THE PROGRESS MADE TOWARD SOME FORM OF EC SOLIDARITY IN THE ENERGY CRISIS, WERNER REMARKED THAT HE STRONGLY BELIEVED THAT DUTCH ISOLATION WITHIN THE 9 EC WAS CONSIDERABLY REDUCED AS A RESULT OF THE EC SUMMIT. WERNER SAID THAT THE HAGUE SHOULD NOW FEEL BETTER PROTECTED AGAINST BRITISH AND FRENCH ATTEMPTS TO CATER TO THE ARABS SINCE THE REMAINING EC MEMBERS HAD SUCCEEDED IN MAKING SURE THAT THE EC WILL OBSERVE A MORE EVEN-HANDED POLICY IN THE MIDDLE EAST. REGARDING FUTURE RELATIONS WITH THE ARABS, WURTH OBSERVED THAT THERE WAS GENERAL AGREEMENT IN COPENHAGEN ON THE NEED TO OFFER MORE HUMANITARIAN ASSISTANCE TO GROUPS LIKE THE PALESTINIAN REFUGEES, AND TO MODERATE ARAB BEHAVIOR BY ESTABLISHING AN ARAB-EC PLAN FOR JOINT ECONOMIC DEVELOPMENT

SECRET

PAGE 05 LUXEMB 00859 191539Z

INCLUDING TWO-WAY INVESTMENTS AND TECHNICAL ASSISTANCE. WURTH CONCLUDED THAT THE EC AS A WHOLE HAD HERETOFORE "NEGLECTED" THE ARABS AND IT WAS NOW TIME TO DEFINE AN OVERALL APPROACH FOR DEALING WITH THE MIDDLE EAST ON A LONG-TERM BASIS. TARNOFF

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